

ATTACHMENT A

Page 1 of 4

LEHMAN BROTHERS INC.

399 Park Avenue
8th Floor
New York, NY 10022

March 23, 2005

VIA UNITED PARCEL SERVICE

Ms. Amy Chan
Executive Director, Sunnyvale Redevelopment Agency
Sunnyvale City Hall
456 West Olive Avenue
Sunnyvale, CA 94088-3707

RE: Disposition and Development and Owner Participation Agreement ("DDOPA") by and between the Sunnyvale Redevelopment Agency ("Redevelopment Agency") and Fourth Quarter Properties XLVIII, LLC ("Fourth Quarter") Pertaining to the Redevelopment of the Sunnyvale Town Center Mall, Sunnyvale, Santa Clara County, California ("Mall Property")

Dear Ms. Chan:

As you know, pursuant to Section 2.01(d) of the DDOPA, Lehman requested and you granted a ninety (90) day extension of time for the Developer (Fourth Quarter) to acquire the Mall Property to March 31, 2005. Lehman requested no other extensions of the dates included in the DDOPA. Since that time, Lehman has been actively engaged in pursuing offers to acquire the Mall Property, including the acquisition of parcels currently owned by Sunnyvale, LLC and by Lehman's affiliates.

Ms. Amy Chan
Executive Director, Sunnyvale Redevelopment Agency
March 23, 2005
Page 2

On February 15, 2005, Lehman submitted information to the Agency and the City regarding the offers it had received, and Lehman's representative, Mark Calvert, then met with the City's staff to discuss the nature of the proposals and to discuss the strengths and weaknesses of each potential developer and request City approval of those who satisfy the City's qualification criteria. Additionally, Lehman was asked by the City to consider additional developer candidates, which request Lehman accommodated. After the Agency and the City interviewed the prospective developer candidates on March 4, 2005, the Agency and City provided Lehman with its list of approved offerors.

Over the past few weeks, Lehman has engaged in negotiations toward a definitive contract for sale of the property. Although Lehman and the City and Agency have worked diligently together to meet the March 31, 2005, deadline, it now appears that because of the extensive evaluation process in which Lehman and the City jointly participated, Lehman will need some additional time to finalize this complicated transaction. Although Lehman is in the later stages of this process and believes it can be completed in relatively short course, Lehman is requesting an additional 60 days to close the transaction. It is in the financial interest of Lehman to complete the transaction as soon as possible and Lehman is taking every step to do so. We believe that this extension will enable Lehman to finalize a deal that will be in the best interest of the City and its residents and will result in a vibrant downtown for the City of Sunnyvale.

In order to maintain a consistent DDOPA and ensure that all deadlines can be met, Lehman is also requesting that all dates in the DDOPA, with the exception of the agreement with the Residential Developer¹, be extended by 60 days. Again, this will enable the new developer to deliver a first class mixed use life style center to the City of Sunnyvale.

We are hopeful that this request can be placed on the City Council and Redevelopment Agency agenda for March 29, 2005, in order to avoid the March 31, 2005, deadline. Please let me know if there is anything else we can do to ensure this matter is brought forward at that time.

If you have any questions regarding the foregoing, please do not hesitate to contact me at (212) 526-2453, Lehman's consultant, Mark Calvert at (206) 909-3636, or counsel identified below.

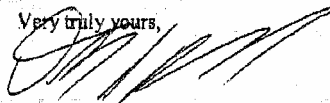
¹ By separate letter to you, Lehman is requesting that, in accordance with section 2.03 of the DDOPA, you extend the deadline for the agreement between the Developer and the Residential Developer for 90 days. It was always contemplated that the agreement with the Residential Developer would be finalized some time after the property was acquired by the Developer. This requested extension is consistent with that contemplation.

ATTACHMENT A
Page 3 of 4

Ms. Amy Chan
Executive Director, Sunnyvale Redevelopment Agency
March 23, 2005
Page 3

If I can be of further assistance to you, please let me know. Thank you for your continued assistance and cooperation in this matter.

Very truly yours,



David S. Broderick
Senior Vice President
Lehman Brothers Inc.

DSB/

cc: Mr. Robert Paternoster (via facsimile 408-737-4954)

Ms. Amy Chan
Executive Director, Sunnyvale Redevelopment Agency
March 23, 2005
Page 4

Contact Information for Lehman's Counsel & Consultant

Mark Calvert
Cascade Capital Group LLC
7322 SE Curtis Drive
Suite 1313
Snoqualmie, WA 98065-9769
e-mail: mark@casadecapitalgroup.com
voice: (206) 909-3636
fax: (425) 642-8200

Mark S. Kaufman
McKenna Long & Aldridge LLP
Suite 5300, 303 Peachtree Street
Atlanta, Georgia 30308
e-mail: mkaufman@mckennalong.com
voice: 404-527-4120
fax: 404-527-4198

Kirsten Murphy Powell
Logan & Powell, LLP
255 West Julian Street, Suite 302
San Jose, CA 95110-2406
e-mail: kpowell@loganpowell.com
voice: (408) 287-2156
fax: (408) 280-1749

Robert A. Bartlett
McKenna Long & Aldridge LLP
Suite 5300, 303 Peachtree Street
Atlanta, Georgia 30308
e-mail: rbartlett@mckennalong.com
voice: 404-527-8310
fax: 404-527-4198